

Message Text

SECRET

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FM AMEMBASSY BUENOS AIRES
TO SECSTATE WASHDC IMMEDIATE 3304
INFO AMEMBASSY BRASILIA IMMEDIATE

S E C R E T SECTION 1 OF 2 BUENOS AIRES 8758

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E.O. 11652: XGDS
TAGS: PARM TECH ENRG ARG
SUBJECT: US/ARGENTINE NUCLEAR TALKS - FIRST SESSION

1. SUMMARY: U.S. DELEGATION LED BY AMBASSADOR GERARD SMITH HAD INITIAL ROUND OF NUCLEAR DISCUSSIONS NOVEMBER 18 WITH ARGENTINE DELEGATION HEADED BY UNDER SECRETARY OF FOREIGN RELATIONS ALLARA. ARGENTINES TOOK INITIAL HARD LINE SUGGESTING THAT RATIFICATION OF TLATELOLCO WOULD DEPEND UPON U.S. COMMITMENT TO TRANSFER HEAVY WATER TECHNOLOGY. BY END OF SESSION, ARGENTINES WERE LISTENING CAREFULLY TO MORE LIMITED PROPOSALS AS FIRST STEP, AND STATED CLEARLY THAT BRAZILIAN WILLINGNESS TO CONSIDER REGIONAL MORATORIUM WOULD ALLOW THEM TO RECONSIDER THEIR REPROCESSING PROGRAM.

2. UNDER SECRETARY OF FOREIGN RELATIONS ALLARA LED OFF WITH STATEMENT STRESSING ARGENTINA'S LEADING POSITION IN NUCLEAR TECHNOLOGY IN LATIN AMERICA, IMPORTANCE OF ITS NUCLEAR PROGRAM FOR ECONOMIC DEVELOPMENT, LONG-STANDING COMMITMENT TO DEVELOP NUCLEAR ENERGY ONLY FOR PEACEFUL USE. HE STATED GOA IN PRINCIPLE READY TO RATIFY TREATY OF TLATELOLCO, BUT IMMEDIATELY NOTED THAT RATIFICATION WILL INVOLVE HIGH INTERNAL POLITICAL COST. ARGENTINA

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WOULD THEREFORE HAVE TO CAREFULLY SELECT THE TIMING AND CONDITIONS UNDER WHICH RATIFICATION TAKES PLACE: I.E. IN AN ENVIRONMENT WHERE IT WOULD BE CLEARER THAT OPPORTUNITIES AND CONDITIONS SURROUNDING ITS NUCLEAR PROGRAM MAKE CLEAR THAT RATIFICATION DOES NOT LIMIT ARGENTINA'S NUCLEAR DEVELOPMENT. MORE SPECIFICALLY, ALLARA SAID RATIFICATION MUST BE COMPLEMENTED BY FORMAL

US ASSURANCES THAT IT WILL FACILITATE SUPPLY OF NUCLEAR MATERIALS, EQUIPMENT, AND TECHNOLOGY, INCLUDING HEAVY WATER PRODUCTION TECHNOLOGY.

3. AMBASSADOR SMITH RESPONDED THAT WE UNDERSTAND THE POLITICAL PROBLEMS RATIFICATION PRESENTS FOR ARGENTINA; US SIMILARLY WOULD HAVE IMPORTANT POLICY AND POLITICAL PROBLEMS WITH SUPPLY OF HEAVY WATER TECHNOLOGY, WHICH WE HAVE NOT PREVIOUSLY TRANSFERRED TO ANOTHER COUNTRY. SMITH STRESSED BASIC CONCERN OF PRESIDENT CARTER AND SECRETARY VANCE IS THAT NUCLEAR POWER PROGRAMS, IF THEY CONTINUE TO EVOLVE IN PRESENT DIRECTION, MAY CREATE SECURITY PROBLEM OF UNPRECEDENTED DIMENSION FOR ALL NATIONS. HE CITED HIS OWN EXPERIENCE AS SALT NEGOTIATOR AND HIS PERSONAL CONVICTION THAT NECESSITY FOR US NUCLEAR WEAPONS STATUS HAS DECREASED, NOT INCREASED, ITS NATIONAL SECURITY. THE US IS CONVINCED THAT NUCLEAR POWER IS NECESSARY TO MEET ENERGY NEEDS, BUT IS ALSO CONVINCED THAT IT CAN AND SHOULD BE MADE SAFER. HE SUGGESTED THAT US/ ARGENTINE NUCLEAR RELATIONSHIP SHOULD NOT BE VIEWED AS SEPARABLE ASPECT OF OUR RELATIONS; IF WE CAN MAKE PROGRESS IN NUCLEAR AREA THAT WOULD HAVE IMPORTANT POSITIVE EFFECT ON TOTALITY OF OUR BILATERAL RELATIONSHIP.

4. MEETING THEN TURNED TO SPECIFIC ARGENTINE REQUESTS
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FOR NUCLEAR ASSISTANCE. NYE REVIEWED LEGAL AND POLICY STEPS WHICH WOULD BE NECESSARY FOR EACH OF PENDING REQUESTS. WE SAW NO DIFFICULTY IN MEETING REQUEST TO AGREE TO RETRANSFER OF US ORIGIN FUEL TO PERU OR IN ACCEPTING RETURN OF SPENT HEU FUEL FROM ARGENTINE RESEARCH REACTORS. OTHER REQUESTS (INCLUDING FUELING OF 10-MEGAWATT REACTOR FOR PERU, SUPPLY OF HEU FOR ARGENTINE RA-3 REACTOR, AND HEAVY WATER SUPPLIES) WOULD BE FACILITATED BY ENTRY INTO FORCE OF TLATELOLCO AND ACCEPTANCE OF FULL-SCOPE SAFEGUARDS. CASTRO MADERO AGAIN CONFIRMED TECHNICAL FEASIBILITY OF CONVERTING 10-MEGAWATT PERU REACTOR TO USE OF 20 PERCENT ENRICHED FUEL, AND DID NOT DEMUR TO PROPOSAL TO JOINTLY EXAMINE SAME POSSIBILITY FOR RA-3 IN FUTURE.

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5. SMITH MADE POINT THAT NEITHER VIDELA'S CONVERSA-
TION WITH PRESIDENT NOR ALLARA'S TALKS WITH UNDER
SECRETARY CHRISTOPHER HAD CONDITIONED RATIFICATION OF
TLATELOLCO ON U.S. ACTIONS. ALLARA AGREED ISSUES NOT
LINKED AS CONDITIONS, BUT REPEATED THAT NECESSARY EN-
VIRONMENT MUST BE CREATED TO MAKE RATIFICATION POLITI-
CALLY ACCEPTABLE. BOTH SIDES AGREED THAT WE SHOULD
AVOID SUGGESTION OF A DIRECT TRADE WHILE LOOKING FOR
PARELLEL PROGRESS.

6. SMITH ARGUED THAT CONDITIONS WE SUGGEST FOR SUPPLY
OF HEAVY WATER TECHNOLOGY DESIGNED TO HELP ARGENTINA
MEET POLITICAL PROBLEMS. SUCH TECHNOLOGY WOULD BE MAJOR
FACTOR IN MAKING ARGENTINA PREMIER NUCLEAR EXPORTER IN
LATIN AMERICA. WITH ARGENTINE ACCEPTANCE OF FULL-
SCOPE SAFEGUARDS, U.S. COULD TAKE STEPS TO SUPPORT
ARGENTINE ENTRY INTO LONDON NUCLEAR SUPPLIER GROUP,
WHICH WOULD PROVIDE ADDITIONAL POLITICAL ATTRACTION.

7. SMITH MADE STRONG STATEMENT ON NECESSITY TO DEAL
WITH REPROCESSING ISSUE IN ITS BROAD SECURITY TERMS.
WE ARE TALKING ABOUT THE IMPLICATIONS FOR OUR MOST
FUNDAMENTAL SECURITY INTEREST IF NATIONS STOCKPILE
BOMB-GRADE MATERIAL BEFORE IT HAS ANY ECONOMIC JUSTI-
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FICATION AND WHILE PROSPECTS FOR DEVELOPING SAFER
TECHNOLOGIES HAVE JUST TAKEN MAJOR STEP FORWARD WITH
LAUNCHING OF INFCE. STRENGTH OF U.S. VIEWS ON THIS
PROBLEM IS EVIDENT AND WE BELIEVE OTHER NATIONS IN THIS
HEMISPHERE SHOULD WORK WITH US IN TRYING TO MEET
COMMON PROBLEM. ARGENTINA NEEDS HEAVY WATER TECHNOLOGY
NOW. IT DOES NOT NEED REPROCESSING NOW. WHY CAN WE

NOT AGREE TO HELP YOU WITH WHAT YOU NEED WHILE YOU
AGREE TO DEFER WHAT YOU DO NOT YET NEED?

8. ALLARA RESPONDED THAT ARGENTINA HAD TO VIEW RE-
PROCESSING FROM REGIONAL PERSPECTIVE. THE UNDERLYING
PROBLEM WAS POLITICAL; ARGENTINA COULD NOT AGREE TO
ARRANGEMENTS WHICH WOULD ALTER THE EXISTING
REGIONAL EQUILIBRIUM. U.S. SIDE BROACHED SPECIFIC
QUESTION OF BRAZILIAN PROGRAM, ASKED IF WE COULD GET
BRAZIL TO CONSIDER SIMILAR ACTION UNDER SOME KIND OF
TRILATERAL OR REGIONAL ARRANGEMENT, WOULD ARGENTINA
LOOK FAVORABLY ON SUCH A SOLUTION? ALLARA SAID IF
ARGENTINA HAD GUARANTEES WHICH WOULD MAINTAIN REGIONAL
EQUILIBRIUM IN THE REPROCESSING MATTER, GOA WOULD BE
"READY AND WILLING TO REANALYZE AND CONSIDER THE CON-
CEPT OF A REPROCESSING MORATORIUM." BUT THERE COULD
BE NO UNILATERAL MORATORIUM. SMITH SAID HE HOPED TO
HAVE OPPORTUNITY TO BROACH THE MATTER DURING SECRETARY'S
VISIT TO BRAZIL.

9. SMITH SUGGESTED THAT WE HAD TAKEN THE DISCUSSION
AS FAR AS SEEMED POSSIBLE FOR THE DAY. HE SUMMARIZED
SITUATION AS ONE IN WHICH ARGENTINE RATIFICATION SEEMED
TO HINGE ON HEAVY WATER TECHNOLOGY ISSUE, WHICH FOR
U.S. HINGED ON REPROCESSING SOLUTION. HE ASKED IF
ARGENTINES FELT FURTHER SESSION BEFORE SECRETARY'S
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ARRIVAL WOULD BE USEFUL. ALLARA QUICKLY SUGGESTED
CONTINUATION OF DISCUSSION TOMORROW, AND THAT POLITICAL
IMPORTANCE OF ISSUE MADE IT ESSENTIAL TO PROBE ISSUES
FURTHER IN SEARCH FOR SOLUTION.

10. FOLLOWING MEETING, IN PRIVATE CONVERSATIONS WITH
NYE, CASTRO MADERO ASKED FOR PAPER OUTLINING WHAT
WE HAD SAID ON PENDING ARGENTINE REQUESTS; AND AMB
AJA ESPIL SUGGESTED WE SHOULD TAKE FIRST STEP DURING
SECRETARY'S TRIP ON SMALLER PROBLEMS, SAVING THE HEAVY
WATER TECHNOLOGY/REPROCESSING ISSUE FOR LATER RESOLU-
TION. NYE AGREED, SUGGESTED WE WORK ON COMMUNIQUE THAT
DEALT WITH ARGENTINE AND U.S. INTENTION TO RATIFY
TLATELOLCO AND PROTOCOL I, AND A STATEMENT ABOUT FUTURE
NUCLEAR COOPERATION AND WAYS TO MEET ARGENTINA'S HEAVY
WATER NEEDS.

11. COMMENT: WE BELIEVE TODAY'S SESSION FORESHADOWS
BREAKTHROUGH ON REPROCESSING QUESTION, PAR-
TICULARLY ALLARA'S CLEAR STATEMENT ON A REGIONAL
SOLUTION. THIS PROVIDES US WITH STRONGER CASE TO
PRESENT TO GEISEL AND WE BELIEVE INCREASES CHANCES HE

WILL TAKE WHAT WE HAVE TO SAY SERIOUSLY. TOMORROW'S
SESSION MAY CLARIFY WHAT WE CAN EXPECT ON TLATELOLCO.
CASTRO

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